

Introduced by Senator Margett

February 17, 2006

An act to amend Section 17213.5 of the Financial Code, relating to escrow agents.

LEGISLATIVE COUNSEL'S DIGEST

SB 1340, as introduced, Margett. Escrow agents.

The Escrow Law provides for licensing and regulation of escrow agents, other than certain exempt persons, by the Commissioner of Corporations. Existing law sets forth various requirements for an escrow licensee to establish additional business office locations, and requires the commissioner to license the designated premises as a branch of the parent licensee within 30 days of receipt of the application, unless the commissioner makes certain findings.

This bill would instead require that action to occur within 20 days of receipt of the application. The bill would also require the commissioner to appoint a specified committee to review the application requirements and process under the Escrow Law and to make recommendations for changes by March 31, 2007.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 17213.5 of the Financial Code is
- 2 amended to read:
- 3 17213.5. Licensees of this division shall be entitled to
- 4 establish additional business office locations by compliance with
- 5 all of the following:

1 (a) Filing with the commissioner notice of the intended
2 address, or addresses.

3 (b) Payment of the fees prescribed in Section 17207.

4 (c) Filing with the commissioner any additional bonds for the
5 purposes set forth in Sections 17202 and 17203. In addition to
6 the amount required by Section 17202, the amounts for
7 additional office locations shall be five thousand dollars (\$5,000)
8 for each additional location. The aggregate amounts of all bonds
9 given by a licensee under this section shall be for the purpose of
10 complying with the conditions of Sections 17202 and 17203
11 regardless of the office location at which any act violating those
12 conditions takes place, and upon payment of the aggregate
13 amount, the surety is completely released from further liability
14 under the bond or bonds. An escrow agent licensed prior to
15 January 1, 1996, shall comply with the requirements of this
16 subdivision at the time of the next renewal of its bond.

17 (d) Filing with the commissioner financial statements prepared
18 in accordance with generally accepted accounting principles. If
19 the licensee's fiscal year end is more than six months before the
20 date of filing the application, the commissioner may require
21 current financial statements which shall not be more than 60 days
22 old. The interim financial statements may be unaudited.

23 (e) Filing with the commissioner the names and addresses of
24 the licensee's owners and employees to be stationed at the new
25 location, showing that the operation of the additional office, or
26 offices, will be under the complete management and control of
27 the parent licensee.

28 (f) Filing with the commissioner statements offsetting and
29 meeting each of the conditions set forth in Section 17209.3.

30 With respect to all applications for authorization to establish
31 additional locations, the commissioner shall promptly commence
32 his or her investigation and review of the application.

33 The commissioner shall within ~~30~~ 20 days from the receipt by
34 the commissioner of a separate and complete application, license
35 the designated premises as a branch of the parent licensee, unless
36 the commissioner finds (1) that the applicant has failed to comply
37 with all of the requirements of this section, (2) that the applicant
38 then fails to meet any of the standards applicable for the issuance
39 of a license pursuant to Section 17209.3, or (3) that a hearing

1 shall be held to determine whether the application should be
2 granted or denied.

3 *The commissioner shall appoint the chairperson of the board*
4 *and the immediate past chairperson of the board of the Escrow*
5 *Institute of California and the Escrow Agents' Fidelity*
6 *Corporation to serve on a committee with the commissioner or*
7 *his or her designee to review the application requirements and*
8 *process under this division, and to submit recommendations no*
9 *later than March 31, 2007, for changes to this division.*

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